

# **RCSC 2025 BYLAWS TOWN HALL**

**October 20 and 22, 2025**

## AGENDA:

- Why Revise the Bylaws?
- Bylaws Working Group and Process
- Major Changes by Article
- Motions from March Membership Meeting
- Where do we go from here?
- Questions

# WHY REVISE THE BYLAWS?

- 2025 Annual Membership Meeting
  - No motions taken up at meeting
  - Member dissatisfaction at meeting
  - Need to address meeting and motions processes
- Bylaws haven't kept up with changes to the Arizona Nonprofit Corporation Act (ANCA)

# Bylaws Working Group and Process

- Working Group Members
  - Jennifer Anderson – RCSC Member
  - Scott Bortness – RCSC Member
  - Rusty Bradshaw – RCSC Member
  - Rick Gray – Board Member
  - Preston Kise – Board Member & Working Group Chair
  - Chris Nettesheim – Board Member
  - Jim Rough – Board Member
  - Carmel Scharenbroich – RCSC Member
  - Dave Wieland – RCSC Member
  - Rae Chornenky – non-voting parliamentarian

# Bylaws Working Group and Process

- Reviewed all motions from Membership Meeting
  - Requested meetings with all motion makers
- Divided into subgroups to initially revise articles
  - Definitions and Articles I-III
  - Article IV
  - Articles V-VIII
  - Articles IX-XIII
  - Member motions assigned to appropriate subgroup

# Bylaws Working Group and Process

- Started meeting in early April
- Initially met every 2 weeks, weekly since June
- Most changes agreed upon by general consensus
- Contentious changes decided by majority vote
- All revisions subjected to Bylaws attorney review & inputs

# Major Changes to Definitions

- Added ANCA to replace specific statute references
- Business Affairs of the Corporation
  - Aligned with ANCA
  - Governance, management, and operations of the Corporation
    - Finance, budget, policies & programs, contracts, internal matters, operational decisions, compliance and insurance, employment/personnel, litigation, property & capital projects, security, strategic planning, & anything not expressly reserved to the members by Articles or applicable law
- Can't violate Corporate Documents or ANCA statutes

# Major Changes to Definitions

- Added Medical Report Form, separates behavior from injury or illness type incidents
- Property owner's name must be on the deed
- Added Unqualified Owners & Non-Owners
- Unqualified Owners & Non-Owners can buy privilege cards
  - Can't vote, sign petition, serve on committee/Board, or speak at meetings
- Moved petition definitions to definitions

# Major Changes to Article I

- Revised parliamentary authority precedence
  - AZ laws & Corporate documents
  - RCSC Bylaws
  - Special rules of order
  - Robert's Rules of Order
- Fiscal year only used for financial reporting & budgeting
  - Allows other business to carry over between years.

# Major Changes to Article II

- Removed 75-mile rule for Members, Unqualified Owners, and Non-Owners
  - Added that member must occupy property and be on Maricopa County tax role as other than rental or non-resident
- Renters can't get privilege cards if any of the owner's properties are not current on assessments & charges
- Established what acts should be reported on medical and incident report forms

# Major Changes to Article III

- No significant changes

# Major Changes to Article IV

- Annual membership meeting will include:
  - Previous year accomplishments/challenges
  - State of RCSC Finances
  - Goals to accomplish in current year
  - Results of Member or Board proposed motions
- Revised parliamentary authority precedence for membership meetings

# Major Changes to Article IV

- Member/Board Bylaws Conflict
  - Member decision prevails if a proper member subject
    - Directly governs member rights/privileges/qualifications; Member participation in governance; matters reserved to Members by Bylaws, Articles, or ANCA
  - Non-binding recommendations
    - Not a proper member subject
    - Conflicts with Articles or ANCA
    - Intrudes on powers reserved to the Board including management of business affairs and operational governance

# Major Changes to Article IV

- Amendments to Articles of Incorporation may be proposed by either:
  - 10% of total Membership
  - Board of Directors
- Annual Membership Meeting quorum satisfied by total number of members voting prior to meeting
- Special Membership Meeting quorum satisfied by members in good standing & proxies in attendance

# Major Changes to Article IV

- Proposed Bylaws & Articles amendment process
  - Submit after 1<sup>st</sup> day following annual meeting until end of September
  - Referred to lawyer to determine if proper amendment
  - All amendments continue through process
  - Post proposed amendments on RCSC website for member input
  - Ad Hoc working group may be assembled
  - After last business day in November, refer to counsel
  - Amendments posted by end of December
  - Members vote between mid January through end of February
  - Votes tabulated prior to meeting

# Major Changes to Article IV

- Special Membership Meeting
  - Called by 10% member petition or majority vote of Board
  - Only business is purpose of meeting
  - Vote in person or by proxy
- Proxies
  - Max number of proxies for 1 member is 10
  - Separate proxy required for each motion
  - Proxy expires after motion vote

# Major Changes to Article IV

- Voting procedures
  - Must be Member in good standing
  - For Annual Meeting, vote prior to meeting by electronic, absentee, proxy, paper, in person
  - For Special meeting, voting done at the meeting

# Major Changes to Article V

- Clarified how open Board positions are filled
- Added that Member comments at Board Meetings include:
  - Posted Motions
  - Treasurer's Report
  - Management Report
- Questions on Treasurer's report and Management report may be answered at next Exchange

# Major Changes to Article V

- Board Bylaws Amendments
  - Can be submitted at Board meeting
  - Requires 2/3 vote
  - Must pass at 2 meetings, cannot be waived

# Major Changes to Article VI/VII/VIII

- Article VI
  - Defined duties of each officer
- Article VII
  - Better defined Board candidate process
  - Board members must physically be in residence at least 10 months each year
- Article VIII
  - Recalled director not eligible to run in recall

# Major Changes to Article IX

- Entire Article on petition procedures moved to a new Board Policy
  - Petition types moved to definitions

# Major Changes to Article XII

- Renumbered as Article IX
  - Changed Co-Chair to Vice Chair
  - Chair or representative can only vote to break a tie
  - Committees may meet in July & August
  - Ad Hoc committees or working groups allowed
  - Committees can establish procedures to nominate new members but Chair is deciding authority
  - Long Range Planning works on projects at least 5 years in future
  - 2/3 vote of committee can remove a member

# Major Changes to Article XIII

- Renumbered as Article X
  - Members & Privilege Cardholders may meet a Board Hearing Commission if:
    - Violating Corporate documents
    - Subject of more than 1 incident report
    - Accused of egregious conduct
  - Refined Board Hearing Process
    - Both parties may address the commission and provide witnesses
    - Both parties informed of outcome
    - If no violation, all records related to the hearing are destroyed

# Major Changes to Article X

- Article X renumbered as Article XI
  - No significant changes

# Major Changes to Article XI

- Article XI renumbered as Article XII
  - Much of article about investment policy moved to new BP
  - Corporation has 4 pots of money
    - Unrestricted Operating Funds – annual budget, day-to-day operations
    - Restricted Operating Reserve Funds – emergency use, requires Board approval
    - Restricted PIF Funds – for PIF projects, requires Board approval
    - Restricted CIF Funds – projects on capital project list, Board approval

# New Article XIII

- Added Severability Clause

# Membership Meeting Motions

- Record LRP, FB&A, GAC, OCC, Technology, & Special committee meetings – not incorporated
- Alternate times for Exchange and Board Meeting – not appropriate for Bylaws but is being referred to the Board for consideration
- Board study & recommend removing offensive signs about member misconduct – not appropriate, signs changed

# Membership Meeting Motions

- Amend Article III to formulate and adopt a Master Plan – not permissible per ANCA & Articles because it concerns the authority granted to the Board
- Amend Article III to not allow spending PIF funds over \$750K until Master Plan adopted – not permissible per ANCA & Articles because it concerns the authority granted to the Board

# Membership Meeting Motions

- Amend Article III to change Facility Agreement to Community Enhancement Agreement – not approved by working group
- Amend Article III to give guest pass to single member households – Superior Court of Arizona ruled in 2019 that by property basis is not unreasonable as matter of law; concern of blanket guest pass for non-members

# Membership Meeting Motions

- Amend Article III to add Member approved Master Plan – not permissible per ANCA & Articles because it concerns the authority granted to the Board
- Amend Article IV, Section 4 – Bylaws & Master Plan amendments passed at annual meeting can't be amended for 2 years – not permissible per ANCA & Articles because it concerns the authority granted to the Board

# Membership Meeting Motions

- Amend Article IV to say that annual meeting will be held in March – added to Bylaws
- Amend how amendments are submitted and posted – slightly modified and incorporated into Article IV
- Amend Article XII to change Elections Committee to Elections and Ethics Committee – Not recommended by group and not a good fit for the Election Committee

# Membership Meeting Motions

- Amend Article XII, Section 1 wording – not recommended as a whole but some of the motion was incorporated
- Amend Article XII, Section 3 concerning committee membership, process for selecting members, and for selecting members to new committees – included in Bylaws but wording changed in places
- Amend Article XII, Section 6 on suspending members – wording very similar to motion included

# Membership Meeting Motions

- Motion to change and reorganize several parts of the Bylaws and move information into new Board Policies
  - Too numerous to mention here but were referred to appropriate sub-committees for discussion and possible incorporation
  - Creating new Board Policies not appropriate for Annual Meeting
    - Some areas moved

# Where Do We Go From Here?

- Working Group and Board reviews feedback from the town halls
- Any changes must go to Bylaws attorney for review
- First reading and vote on Bylaws at Special Session on October 29
- Second reading and vote on Bylaws at Special Session on November 10

# QUESTIONS?